

REMARKS

I. Introduction

Claims 1-23 are pending in the application. In the Office Action dated March 14, 2006, the Examiner rejected claims 1-23 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Pat. No. 6,014,643 (“Minton”). In this Amendment, claims 1-3, 5, 10-12, 14, 15, 17-19, and 21-23 have been amended to more clearly reflect aspects of Applicants’ invention and claim 4 has been cancelled. Support for the amendments to the claims may be found throughout the specification. Accordingly, it is submitted that no new matter has been added by the way of any amendment(s) presented. Applicants respectfully request reconsideration and withdrawal of the rejection to the claims.

II. Minton Does Not Render the Current Independent Claims Unpatentable

The Examiner’s §103 rejection of claims 1-23 as obvious over the sole Minton reference should be withdrawn. Minton fails to disclose or suggest all of the elements of at least independent claims 1, 10, 17, and 21. Further, Applicants believe that the Action fails to provide the statutory required motivation providing for one of ordinary skill in the art to modify the Minton reference to include all the features of the methods and system relating to an automated execution system with firm participation as recited in independent claims 1, 10, 17, and 21.

Applicants respectfully traverse the rejection. Applicants respectfully submit that the proposed combination of Minton and the Examiner’s assertion of the knowledge of one of ordinary skill in the art at the time of the invention is not proper, as Minton does not provide a motivation to combine same. However, even if combined, the proposed combination does not render at least independent claims 1, 10, 17, and 21 unpatentable. There is no motivation within the Minton reference to modify the Minton system as contemplated by the Examiner. Minton discloses a broker-reviewing securities trading system where users enter orders that are sent to a server over the communications network and are subject to a manual broker review prior to execution. Upon receipt at the server, the orders are sent to a broker for approval or disapproval.

Contrary to the Examiner’s assertion that approving or disapproving an order

depends on factors such as commission and fees (Office Action, page 3), Minton specifically states, “[t]his broker review consists of ensuring that there are sufficient funds in a user's account if the user is buying a security, ensuring that a user has been pre-approved if they are selling short a security, or ensuring that a user actually has the specified security in his account to sell.” Column 12, line 64 to column 13, line 2. Further, Minton states, “[a]dditionally, other oversight procedures normally performed by a broker can be performed at such time.” Column 13, lines 4-6. In particular, this system provides for broker review and approval or disapproval that is related to user factors, not broker factors, prior to the completion of any trading transactions.

The Examiner admits that Minton does not teach “executing a portion of the electronic order against the participant,” but asserts that it would be obvious to modify Minton to arrive at Applicants’ invention (Office Action, page 3). However, there is no motivation to seek an improvement in the broker-reviewing securities trading system of Minton, with broker review and approval or disapproval prior to the completion of any trading transactions, as contemplated by the Examiner. In particular, Minton fails to disclose either an automated execution system or a method that performs actions irrespective of broker review as recited in the independent claims. Each of the independent claims recites automatically executing in order priority at least a portion of the electronic order against an order in an electronic book irrespective of broker review. Thus, unlike the current independent claims, the Minton system requires broker review and approval or disapproval prior to the completion of any trading transactions. For at least this reason, Minton teaches away from independent claims 1, 10, 17, and 21.

Furthermore, neither Minton or the Examiner’s assertion of knowledge of one skilled in the art discloses or suggests automatically executing in order priority at least a portion of the electronic order against an order in an electronic book as recited in each of the independent claims and executing a remaining portion of the electronic order against a participant at a predetermined participation percentage as recited in independent claim 1. One advantage to using an automated trade execution system with a participation component is that it provides a firm participant with the ability to participate in its own generated order flow while preferably assuring customer executions at the National Best Bid or Offer. The automated execution system then

enables the firm participant to desirably participate on the contra-side of the trades resulting from that order flow. Therefore, by allowing a participant that generates order flow to participate in their generated order flow, exchanges or trading facilities meet the needs of the participants, market makers, and other others impacted by the markets. Moreover, exchanges or trading facilities can desirably attract participants to their respective automated execution system. (Page 4, lines 1-10). This is quite different from the commission(s) and fee(s) cited by the Examiner, since such commissions and fees are not executions of portions of orders against the firm participant.

The Examiner has failed to establish a prima facie case for obviousness of claims 1-23. It is the Examiner's burden to show that the prior art relied upon coupled with the knowledge generally available in the art at the time of the invention contain a suggestion or incentive that would have motivated one of ordinary skill in the art to combine references. As Applicants have set forth throughout this response, the distinctive differences between the sole reference and what the Examiner deems to be well known in the art makes the proposed combination implausible. The Examiner must also show that the proposed combination has a reasonable expectation of success. It is inappropriate for the Examiner to use the present application as a motivation to combine the references. This inappropriate combination, taking bits and pieces from the sole reference with what would be known to one of ordinary skill in the art in an attempt to create the current claims, is exactly what the Examiner has done with these references.

Therefore, due to fact Minton fails to teach or disclose at least automatically executing in order priority at least a portion of the electronic order against an order in an electronic book irrespective of broker review and executing a remaining portion of the electronic order against a participant at a predetermined participation percentage, Minton necessarily cannot anticipate, or render obvious, independent claims 1, 10, 17, and 21, or any claim that depends on independent claims 1, 10, 17, and 21. Applicants respectfully request reconsideration and withdrawal of the rejection to the claims.

III. Conclusion

In view of the foregoing amendments to the claims and remarks, Applicants submit that the pending claims are in condition for allowance. Reconsideration is therefore respectfully requested. If there are any questions concerning this Response, the Examiner is asked to phone the undersigned attorney at (312) 321-4200.

Respectfully submitted,

By: 
Scott W. Brim, Reg. No. 51,500
Kent E. Genin, Reg. No. 37,834
BRINKS HOFER GILSON & LIONE
P.O. BOX 10395
CHICAGO, ILLINOIS 60610
(312) 321-4200

Jordan A. Newmark, Reg. No. 50,904
Intellectual Property Counsel
Chicago Board Options Exchange, Incorporated
400 S. LaSalle Street
Chicago, Illinois 60605
Tel.: (312) 786-7909
Fax: (312) 786-7919
Email: newmark@cboe.com